

ANNUAL REPORT
of
THE GOODYEAR TIRE & RUBBER CO.
OF CANADA, LIMITED
NEW TORONTO, ONTARIO

1948



THE GREATEST NAME IN RUBBER

ANNUAL REPORT

to the Shareholders of

THE GOODYEAR TIRE & RUBBER CO. OF CANADA, LIMITED

For the Fiscal Year ended December 31st, 1948

NEW TORONTO, ONTARIO

THE GOODYEAR TIRE & RUBBER COMPANY

OF CANADA, LIMITED

General Offices: NEW TORONTO, ONT.

Factories: { NEW TORONTO, ONT.
BOWMANVILLE, ONT.
QUEBEC CITY, QUE.

Cotton Plant: ST. HYACINTHE, QUE.

BRANCHES

ST. JOHN, N.B.	112 Princess St.
QUEBEC, QUE.	Cor. Dorchester and Lalemant Sts.
MONTREAL, QUE.	679 St. James St. W.
TORONTO, ONT.	622 Fleet St. W.
LONDON, ONT.	539 Richmond St.
WINNIPEG, MAN.	97 Higgins Ave.
REGINA, SASK.	Cor. Broad St. and 6th Ave.
SASKATOON, SASK.	Cor. 24th St. and Pacific Ave.
CALGARY, ALTA.	537—8th Ave. West
VANCOUVER, B.C.	Cor. Nelson and Hamilton Sts.

WHOLESALE DISTRIBUTORS

Sydney, N.S.	Cape Breton Battery & Vulcanizing Co. Ltd.	416 George St.
Halifax, N.S.	Maritime Accessories Limited	Sackville and South Park Sts.

BOARD OF DIRECTORS

P. W. LITCHFIELD

Chairman
AKRON

A. G. PARTRIDGE
TORONTO

P. A. THOMSON
MONTREAL

C. H. CARLISLE
TORONTO

P. E. H. LEROY
AKRON

R. C. BERKINSHAW, C.B.E.
TORONTO

E. J. THOMAS
AKRON

OFFICERS

A. G. PARTRIDGE
President

R. C. BERKINSHAW
Vice-President and General Manager

A. W. DENNY
Vice-President

C. B. COOPER
General Sales Manager

R. W. RICHARDS
Vice-President

J. W. PHILP
Assistant Treasurer

O. H. BARRETT
Assistant to President

G. G. MERRITT
Assistant Treasurer

D. C. CARLISLE
Treasurer

P. B. STEVENSON
Assistant Comptroller

K. E. KENNEDY
Secretary

C. W. J. EVANS
Assistant Comptroller

J. G. WILLIAMS
Comptroller and
Assistant Secretary

J. D. W. CUMBERLAND
Assistant Secretary

ANNUAL REPORT OF THE DIRECTORS
OF
THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED

TO THE SHAREHOLDERS:

Presented herewith is the annual report of the Board of Directors of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED, and its subsidiary companies, which outlines the financial and operating results of the Company for the year ending December 31, 1948.

Operations of the combined Companies for the year resulted in a net profit of \$2,412,119, which, after providing for dividends on preferred shares outstanding, was equivalent to \$8.14 per share of issued common stock.

The following summary sets out the manner in which the profits for the year have been applied:

FUNDS PROVIDED

Consolidated net profit for the year.....	\$2,412,119
Add provision for depreciation, which does not represent a current disbursement of funds.....	\$1,385,935
Decrease in investments and other assets.....	106,833
	1,492,768
Total funds provided.....	<u>\$3,904,887</u>

DISPOSITION OF FUNDS

Dividends on four per cent. preferred stock.....	\$ 317,575	
Dividends on common stock.....	900,410	\$1,217,985
Preferred stock redeemed and cancelled.....		76,800
Expended for additions to plant and equipment (net).....		2,495,656
Increase in net current assets or working capital.....		114,446
Total as above.....		<u>\$3,904,887</u>

The inventories of raw materials, work in process and finished goods have been thoroughly reviewed and included in the balance sheet on the usual basis of cost or market, whichever is lower.

Adequate reserves have been established to provide for accruing depreciation of buildings and equipment, possible loss in the realization of accounts receivable, and for income taxes.

Heavy capital expenditures were made during 1948 principally in connection with the new Airfoam and Pliofilm factories at New Toronto and the Quebec City factory, as well as for the installation of additional equipment to improve production capacity in the New Toronto and Bowmanville plants. These expenditures totalled \$2,495,656 for the year.

The consolidated balance sheet discloses that the strong financial position of your Companies has been well maintained, but the requirements for funds to finance plant additions and improvements and to carry adequate stocks of materials at present high prices have made heavier demands than usual on the Company's cash resources.

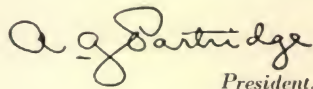
Under these conditions, your Directors considered it advisable to restrict the declaration and payment of dividends on the common stock to a total of \$3.50 per share for the year under review.

Sales of your Company's products have continued at a substantially high level. The plant improvements and the additional lines referred to above should place your Company in a position to maintain its earning capacity, enlarge its markets and obtain its full share of available business on a profitable basis.

Canada is entering a period when it would seem that more normal conditions of demand, supply and over-all business activity will apply than have prevailed in the past few years. With its modern equipment, adequate plant facilities, an outstanding line of products, a strong public demand for its goods, a constructive sales policy and an aggressive organization, your Company is prepared to meet the challenge of the future with confidence and optimism.

The employees of the Company, working together to advance its interests, are a most important asset and greatly contribute to the success of its undertakings. Your Directors, therefore, express their sincere appreciation of the faithful, loyal and efficient services rendered by the employees in all phases of the Company's operations, and gratefully acknowledge the continued interest and support of the shareholders.

On behalf of the Board,


President.

March 23, 1949.

THE GOODYEAR TIRE & RUBBER CO.

AND SUBSIDIARIES

CONSOLIDATED

ASSETS

	December 31 1948	December 31 1947
CURRENT ASSETS:		
Cash.....	\$ 289,122	\$ 1,528,830
Accounts receivable, less reserve for bad debts—1948— \$304,562; 1947—\$225,905.....	3,544,295	4,095,758
Inventories at cost or market whichever is lower.....	10,619,131	9,902,185
TOTAL CURRENT ASSETS.....	\$14,452,548	\$15,526,773
INVESTMENTS AND OTHER ASSETS:		
Stocks, bonds and mortgages.....	\$ 237,901	\$ 233,582
Preferred stock redemption fund.....	54,983	55,000
Refundable portion of excess profits taxes (of which \$152,444 is refundable within one year).....	697,257	835,440
Deferred charges to future operations.....	125,242	98,194
	\$ 1,115,383	\$ 1,222,216
PROPERTY ACCOUNTS:		
Land, buildings, machinery and equipment.....	\$23,643,736	\$21,405,246
Less—Reserve for depreciation.....	14,322,471	13,193,702
	\$ 9,321,265	\$ 8,211,544
	<u>\$24,889,196</u>	<u>\$24,960,533</u>

OMPANY OF CANADA, LIMITED

Y COMPANIES

BALANCE SHEET

LIABILITIES

	December 31 1948	December 31 1947
CURRENT LIABILITIES:		
Accounts payable.....	\$ 2,761,998	\$ 2,207,497
Accrued income and other taxes payable.....	1,000,713	1,714,077
Preferred stock dividend payable.....	79,232	80,000
Common stock dividend payable.....		1,029,040
TOTAL CURRENT LIABILITIES.....	\$ 3,841,943	\$ 5,030,614
 RESERVE FOR CONTINGENCIES.....	 \$ 1,000,000	 \$ 1,000,000
 CAPITAL STOCK:		
Four per cent. Cumulative Redeemable Sinking Fund Preferred Stock:		
Authorized—160,000 shares of \$50.00 each, \$8,000,000.		
Issued and fully paid.....160,000 shares	\$ 8,000,000	\$ 8,000,000
Less—Redeemed and cancelled..... 1,536 shares	76,800	
Outstanding.....158,464 shares	\$ 7,923,200	\$ 8,000,000
Common stock, no par value:		
Authorized—290,660 shares; issued 257,260 shares.....	128,630	128,630
Capital surplus.....	692,350	692,350
	\$ 8,744,180	\$ 8,820,980
 EARNED SURPLUS, as per statement attached.....	 \$11,303,073	 \$10,108,939
	<u>\$24,889,196</u>	<u>\$24,960,533</u>

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Year ending December 31	
	1948	1947
Profit from operations for year before providing for depreciation and taxes on income.....	\$ 5,300,304	\$ 7,796,259
Other income.....	33,895	309,896
	<u>\$ 5,334,199</u>	<u>\$ 8,106,155</u>
Deduct:		
Provision for depreciation.....	\$ 1,385,935	\$ 816,667
Provision for taxes on income.....	1,536,145	3,358,240
	<u>\$ 2,922,080</u>	<u>\$ 4,174,907</u>
Net profit for the year carried to Earned Surplus, as below.....	<u><u>\$ 2,412,119</u></u>	<u><u>\$ 3,931,248</u></u>

CONSOLIDATED EARNED SURPLUS STATEMENT

	Year ending December 31	
	1948	1947
Balance at end of previous year.....	\$10,108,939	\$ 8,184,851
Net profit for year, per consolidated profit and loss statement, as above.....	2,412,119	3,931,248
Refundable portion of excess profits tax transferred from Deferred Surplus.....		835,440
	<u>\$12,521,058</u>	<u>\$12,951,539</u>
Deduct:		
Dividends:		
On four per cent. preferred stock.....	\$ 317,575	\$ 270,000
On common stock.....	900,410	2,572,600
	<u>\$ 1,217,985</u>	<u>\$ 2,842,600</u>
Earned Surplus December 31, per balance sheet.....	<u><u>\$11,303,073</u></u>	<u><u>\$10,108,939</u></u>

PRICE, WATERHOUSE & CO.

ROYAL BANK BUILDING
TORONTO

January 27, 1949

To the Shareholders of
THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1948 and the related consolidated profit and loss and surplus statements for the year ending that date. In connection therewith, we examined or tested accounting records and other supporting evidence, and all our requirements as auditors have been complied with; we also made a general review of the accounting methods and of the operating and income accounts for the year but our audit of the detailed transactions was confined to limited tests thereof.

We report that, in our opinion, based upon such examination, the accompanying consolidated balance sheet and consolidated profit and loss and surplus statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at December 31, 1948, and the results from the operations for the year ending on that date, according to the best of our information and the explanations given to us, and as shown by the books of the companies.

Price, Waterhouse & Co.

Chartered Accountants.

PRODUCTION CAPACITY *backs* SALES LEADERSHIP

The investment in Goodyear's modern, well-equipped plants makes possible the manufacture of the great variety of products bearing the Goodyear name.

Goodyear's happy position as the sales leader in so many of these products gives particular importance to the need for ample production facilities,

Thanks in large measure to ever-increasing plant capacity and production, which backs to the full every advance in sales volume, your Company continues to maintain leadership in the rubber industry.



↓ **B O W M A N V I L L E**
Industrial Rubber Goods

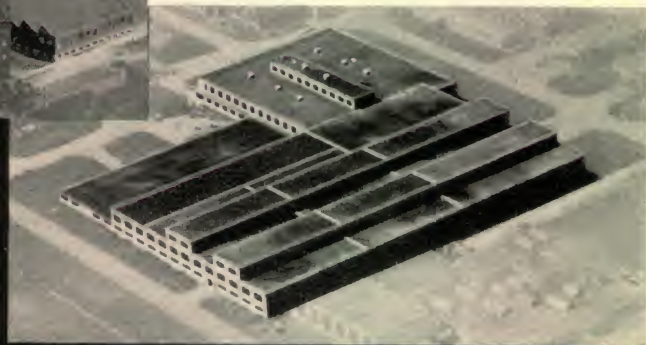


↑ **N E W T O R O N T O**
Airfoam and Pliofilm



↑ **S T . H Y A C I N T H E , P . Q .**
Cotton and Rayon Mill

↓ **Q U E B E C C I T Y , P . Q .**
Moulded Rubber Goods



↑ **H E A D O F F I C E**
A N D T I R E P L A N T
N E W T O R O N T O

Super-Cushion

TRACTOR TIRES

LIFEGUARDS

IMPLEMENT TIRES

De Luxe

TRUCK TIRES

AIRFOAM
SUPER-CUSHIONING

PLIOFILM
TRANSPARENT WRAPPING

NEOLITE SOLES

RUBBER HEELS

GOODYEAR

ALL WEATHER

BATTERIES
FOR CARS, TRUCKS
AND TRACTORS

The name
GOOD YEAR
on these
products
is the
public's
"buy" word

V-BELTS

TRANSMISSION BELTING

CONVEYOR BELTING

GOODYEAR
INDUSTRIAL
HOSE

GOODYEAR
GARDEN
HOSE

MORE PEOPLE RIDE ON
GOODYEAR TIRES
THAN ON ANY OTHER KIND

